

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 309 - SB 411**

March 8, 2015

**SUMMARY OF BILL:** Renames the “Prevention of Youth Access to Tobacco and Electronic Cigarettes Act” the “Prevention of Youth Access to Tobacco and Vapor Products Act” and makes multiple changes throughout the existing statute for the purpose of the Department of Agriculture being authorized to regulate vapor products as defined by the bill, in addition to tobacco products and electronic cigarettes. Such changes include, but are not limited to, a prohibition for persons under the age of 18 to purchase vapor products; a requirement for training for persons under the age of 18 that sell vapor products; and a requirement that child-resistant liquid nicotine containers be used with vapor products in conjunction with Federal Safety Standards.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$67,400**

Assumptions:

- According to the Department of Agriculture (DOA), this bill will require an additional 1,000 inspections per year utilizing part-time inspectors. The additional inspections will be required because entities that sell vapor products are often stand-alone entities that do not sell other traditional tobacco products.
- DOA will require an additional appropriation in order to regulate these stand-alone entities that sell vapor products exclusively.
- Based on information provided by DOA, the cost of performing one inspection is estimated to be \$67.39.
- The total recurring increase in state expenditures to the General Fund is estimated to be \$67,390 (\$67.39 x 1,000).
- Pursuant to Tenn. Code Ann. § 39-17-1509(b), a person found to be in violation of the receive a warning letter for a first violation, a civil penalty up to \$500 for a second violation, a civil penalty up to \$1,000 for third violations, and a civil penalty up to \$1,500 for fourth and subsequent violations.
- Based on information provided by DOA, it is estimated that approximately five violations will occur each year. Given the majority of violations will likely be first time offenses, whereby a warning letter will be issued, no significant increase in civil penalty revenue is anticipated.
- The provisions of this bill does not provide any statutory authority for the Commissioner of DOA to assess any fee for the purpose of covering expenses incurred as a result of

conducting inspections. Therefore, any increase in state revenue is estimated to be not significant.

## **IMPACT TO COMMERCE:**

### **NOT SIGNIFICANT**

#### Assumptions:

- Given the bill does not provide any statutory authority for the Commissioner of DOA to assess any fee to a vapor product seller for the purpose of covering expenses incurred as a result of conducting inspections, any change in business expenditures is estimated to be not significant.
- Any other impact to commerce as a result of the bill is considered not significant.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, appearing to read "Jeffrey L. Spalding", written in a cursive style.

Jeffrey L. Spalding, Executive Director

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